

Message Text

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ACTION AF-10

INFO OCT-01 EUR-12 NEA-10 ISO-00 AID-05 CIAE-00
COME-00 EB-08 FRB-03 INR-07 NSAE-00 USIA-06
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FM AMEMBASSY CONAKRY
TO SECSTATE WASHDC 3947
INFO AMEMBASSY ALGIERS
AMEMBASSY BELGRADE
AMEMBASSY LAGOS
AMEMBASSY OTTAWA

C O N F I D E N T I A L CONAKRY 0194

E.O. 11652: XGDS-1
TAGS: EINV, EMIN, GV, YO, AG, NI, US, CA
SUBJECT: PROPOSED BAUXITE/ALUMINA PROJECT AT DABOLA

REF: CONAKRY 0172 (BEING REPEATED OTTAWA)

1. JANUARY 28 ISMAEL TOURE GAVE AMBASSADOR ADDITIONAL
DETAILS OF AGREEMENT CONCLUDED JANUARY 26 BETWEEN REPRESENTATIVES OF GUINEA, YUGOSLAVIA, ALGERIA AND NIGERIA
RE DABOLA BAUXITE/ALUMINA PROJECT:

A. PRESIDENT OF ENERGYPROJECT HAD COME FROM YUGOSLAVIA;
ALGERIAN MINISTRY OF HEAVY INDUSTRY, NIGERIAN AMBASSADOR
UCHUNO, AND ISMAEL TOURE REPRESENTED THEIR COUNTRIES
IN JANUARY 25-26 TALKS. ALGERIAN AND NIGERIAN REPRESENTATIVES AGREED IN PRINCIPLE TO JOIN IN THE PROJECT
IF FEASIBILITY STUDIES, ALREADY COMPLETED BY YUGOSLAVIA,
ARE ACCEPTABLE TO THEIR GOVERNMENTS. THE YUGOSLAVIAN/
GUINEAN AGREEMENT OF 1971 WOULD BE INCORPORATED AS
PART OF THE BROADENED AGREEMENT AMONG THE FOUR.
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B. FIFTY PERCENT OF OWNERSHIP WILL REST WITH GOG;
50 PERCENT WITH OTHER PARTNERS, EXACT AMOUNTS TO BE SET
AT NEXT MEETING OF GROUP IN LAGOS JUNE 1978. CAPITAL
STOCK WILL BE ISSUED AT A LATER DATE.

C. A FIFTH PARTNER IS TO BE SOUGHT WHO WILL SUPPLY

TECHNICAL CAPABILITY AND ASSUME MANAGEMENT OF THE PROJECT; GUINEA HAS BEEN AUTHORIZED APPROACH REYNOLDS METALS FOR THIS PURPOSE.

D. THE PROJECT'S ADMINISTRATIVE COUNCIL WILL CONSIST OF 10 MEMBERS, 5 APPOINTED BY THE GOG AND 5 BY OTHER PARTNERS.

E. BAUXITE MINE AND ALUMINA PLANT CAPACITY WILL BE SET AT THE NEXT MEETING. CURRENT ESTIMATE IS 3-5 MILLION TONS BAUXITE PER YEAR AND 1 MILLION TONS ALUMINA. CAPACITY WILL BE ADJUSTED TO NEEDS OF PARTNERS; CURRENT EXPECTATION IS THAT ALGERIA AND NIGERIA WILL WANT 300,000 TONS OF ALUMINA EACH PER YEAR AND YUGOSLAVIA 200,000 TONS.

F. TOTAL COST OF UNDERTAKING IS ESTIMATED (1974 FIGURES) AT \$790 MILLION; \$515 MILLION FOR THE MINE AND ALUMINA FACTORY, AND \$275 MILLION FOR UPGRADING OF THE RAILROAD AND CONAKRY PORT FACILITIES.

G. THE RAILROAD UPGRADING WILL BE PART OF LARGER TRANS-GUINEAN RAILROAD PROJECT AND WOULD BE UNDERTAKEN BY CANADA. THE CANADIAN GOVERNMENT HAS REQUESTED GUARANTEES FROM THE GOG AND ANY MIXED ENTERPRISES THAT WOULD USE THE RAILROAD; ASSURANCE OF CONSTRUCTION OF THE DABOLA

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PROJECT IS AN IMPORTANT PREREQUISITE TO GO-AHEAD ON THE TRANS-GUINEAN RAILROAD PROJECT. IRON ORE FROM THE MIFERGUI-NIMBA PROJECT IN EXCESS OF EXPECTED 15 MILLION TON CAPACITY OF THE RAILROAD THROUGH LIBERIA TO BUCHANAN WILL BE CARRIED BY THE TRANS-GUINEAN RAILROAD.

2. TOURE SAID THE GOG WILL PASS THE ABOVE INFORMATION DIRECTLY TO REYNOLDS AND GREATLY HOPES FOR A POSITIVE RESPONSE.

3. COMMENT: PROJECT IS COMPLEX ONE THAT WILL REQUIRE CAREFUL STUDY AND EVALUATION; GOG APPRECIATES THAT. AT SAME TIME, ATMOSPHERE IS VERY IMPORTANT HERE; REGARDLESS OF FINAL OUTCOME, BELIEVE IT IS HIGHLY DESIRABLE THAT REYNOLDS MAKE QUICK INITIAL RESPONSE TO GOG INVITATION, IT IS HOPED INDICATING WILLINGNESS TO DISCUSS PROJECT. DEPARTMENT MAY WISH TO CONTACT REYNOLDS, GET READING ON THEIR INITIAL REACTION, AND SUGGEST DESIRABILITY OF EARLY COMMUNICATION WITH GOG. END COMMENT.

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